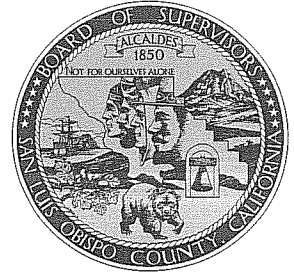


BOARD OF SUPERVISORS

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May 14, 2013

Honorable Mark DeSaulnier
California State Senate
State Capitol, Room 5035
Sacramento, CA 95814

FRANK R. MECHAM, Supervisor District One
BRUCE GIBSON, Supervisor District Two
ADAM HILL, Supervisor District Three
PAUL TEIXEIRA, Supervisor District Four
DEBBIE ARNOLD, Supervisor District Five

Re: SB 391– California Homes and Jobs Act - **OPPOSE**

Dear Senator DeSaulnier:

On behalf of the San Luis Obispo County Board of Supervisors, I am writing in opposition to Senate Bill 391, the California Homes and Jobs Act, in which you propose imposing a \$75 fee on nearly all recorded documents to provide a dedicated source of funding for affordable housing development in California. Our concerns are outlined below:

- **Per Document Tax-** Multiple different documents may need to be recorded to effectuate a single real estate transaction and this bill would significantly increase the cost since the tax is applied to each document, not the transaction. For example, in the foreclosure process, an average of five documents are recorded between the time a Notice of Default is recorded and the homeowner cures the delinquency just prior to foreclosure. Since these costs are generally recoverable against a borrower when they reinstate or pay off the loan, this bill would require that the homeowner pay an additional \$375 over the statutory recording fees, a 75% increase on a family already struggling financially to remain in their home.
- **Exemption of documents for real estate purchase or transfer-** SB 391 specifically exempts the imposition of the \$75 tax on documents recorded in connection with a real estate purchase. Therefore, this bill would exempt a person purchasing a million dollar home or an investment property, yet the widow recording an affidavit of her husband's death, a contractor recording a lien to collect for unpaid services, a family struggling to refinance a high interest rate loan or a miner recording his annual work assessments would be bearing the burden of funding low-income housing projects.
- **County becomes point of collection for State-** Recorder staff will encounter a significant increase in staff time collecting fees for a function that it does not perform, overseeing the program and addressing unsatisfied customers who have questions or complaints about this tax. County Recorders oppose this bill, whether or not there is administrative reimbursement because it is unrelated to

the function they provide to our citizens and is overly burdensome and punitive to anyone who finds it necessary to record a document.

- **Disincentive to record documents-** Most importantly, any disincentive to record documents is divergent to the very purpose for which the land records system was designed. Congress and legislatures designed a system of recording documents into a single public repository to provide a way for Californians to prove home and property ownership. Any member of the public can research the records to determine who has the legal rights to a home. However, documents can be valid and legally binding even if they are not recorded. Therefore, a person who cannot afford to pay the additional \$75 tax or wishes to not pay the tax may legally decide not to record a document, consequently never providing notice to subsequent purchasers or lenders that a change in ownership has taken place or an encumbrance exists. The legislature should carefully weigh the profound implications that this type of hindrance would have on the free market housing economy.

San Luis Obispo County understands the need for affordable housing programs and that the demise of redevelopment agencies and related funding needs must be addressed. However, the imposition of this tax on unsuspecting customers is not the right approach.

We appreciate your time and consideration of this critical matter.

Sincerely,

PAUL TEIXEIRA
Chair, Board of Supervisors

Cc: Honorable Bill Monning, Member of the California State Senate
Honorable Katcho Achadjian, Member of the California State Assembly
Board of Supervisors
California State Association of Counties (CSAC)
Paul Yoder, Strategic Local Government Solutions